

## UPWARD TREND IN UNEMPLOYMENT

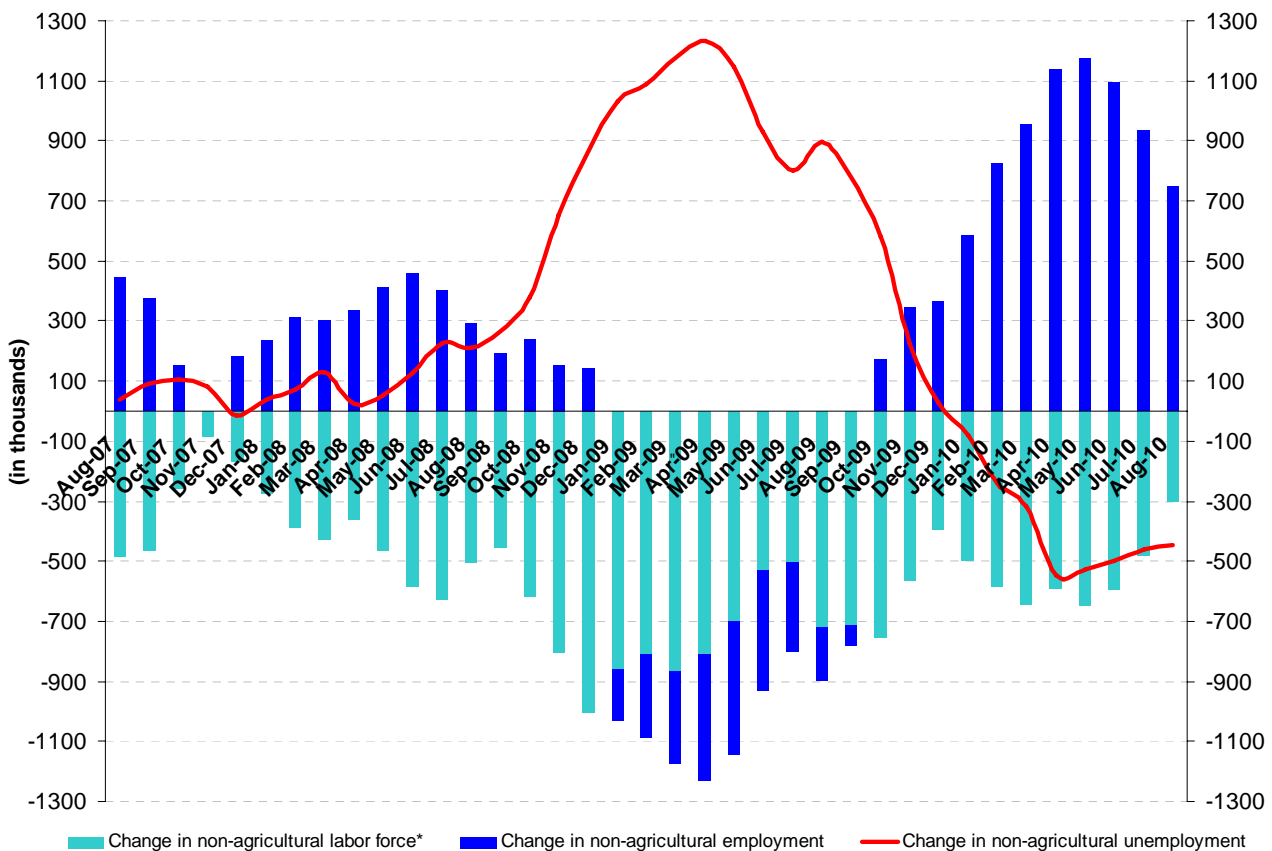
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According to the labor market statistics released by TurkStat on November 12<sup>th</sup>, non-agricultural employment has increased by 748 thousand and non-agricultural labor force has increased by 302 thousand in the period of August 2010 (July-August-September) compared to the same period in the previous year. Despite the increase in actual employment rates, growth remains below the structural upward trend (Figure 1).

Employment in the non-agricultural sectors reached 17 million 17 thousands in August 2010, implying an increase of 4.6 percent compared to the same period of the previous year. The steep increase in employment implies a 7 to 8 percent growth in the third quarter on a yearly basis. In other words, the strong growth of the economy has brought about high sizeable increases in employment.

Similarly, the number of unemployed in the non-agricultural sector has decreased by 446 thousand on a yearly basis (Figure 1). Hence the non-agricultural unemployment rate decreased to 14.5 percent in the period of August 2010 from the 17 percent in the same period in 2009. Considering the fact that this ratio was 12.9 percent in pre-crisis period, it is possible to say that the increase in employment is not enough to compensate for the negative effect of the crisis.

**Figure 1 Differences in non-agricultural labor force, non-agricultural employment and non-agricultural unemployment (year-on-year change, August 2007- August 2010)**



\* Rise in labor force increases the number of employed hence has a negative sign on the graph.

Source: TurkStat, **Betam**

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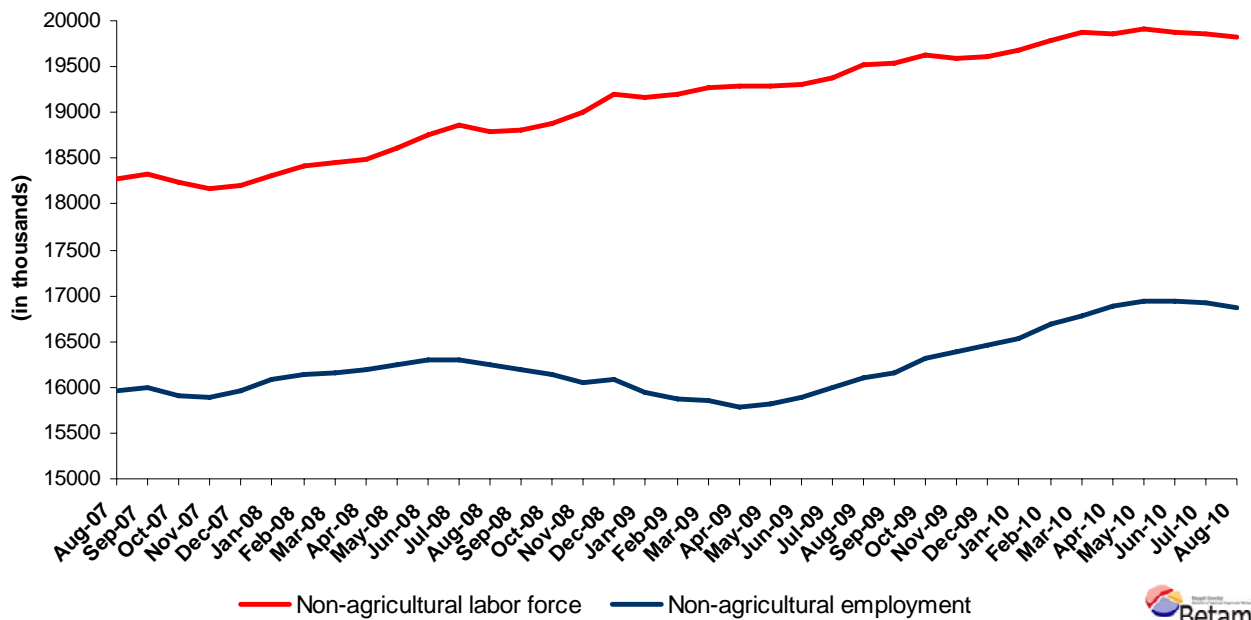
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## Non-agricultural employment is falling, unemployment is increasing

Let us turn to the monthly data. Seasonally adjusted labor force series reveal that the decrease in non-agricultural employment, continued to increase in August 2010. Non-agricultural employment has fallen to 16 million 862 thousand, indicating a decrease of 69 thousand (Figure 2). Moreover, non-agricultural labor force decreased by 27 thousand in August compared to July. Hence, seasonally adjusted non-agricultural unemployment increased by 33 thousand, non-agricultural unemployment rate increased by 0.2 percentage points and reached 15 percent (Figure 3).

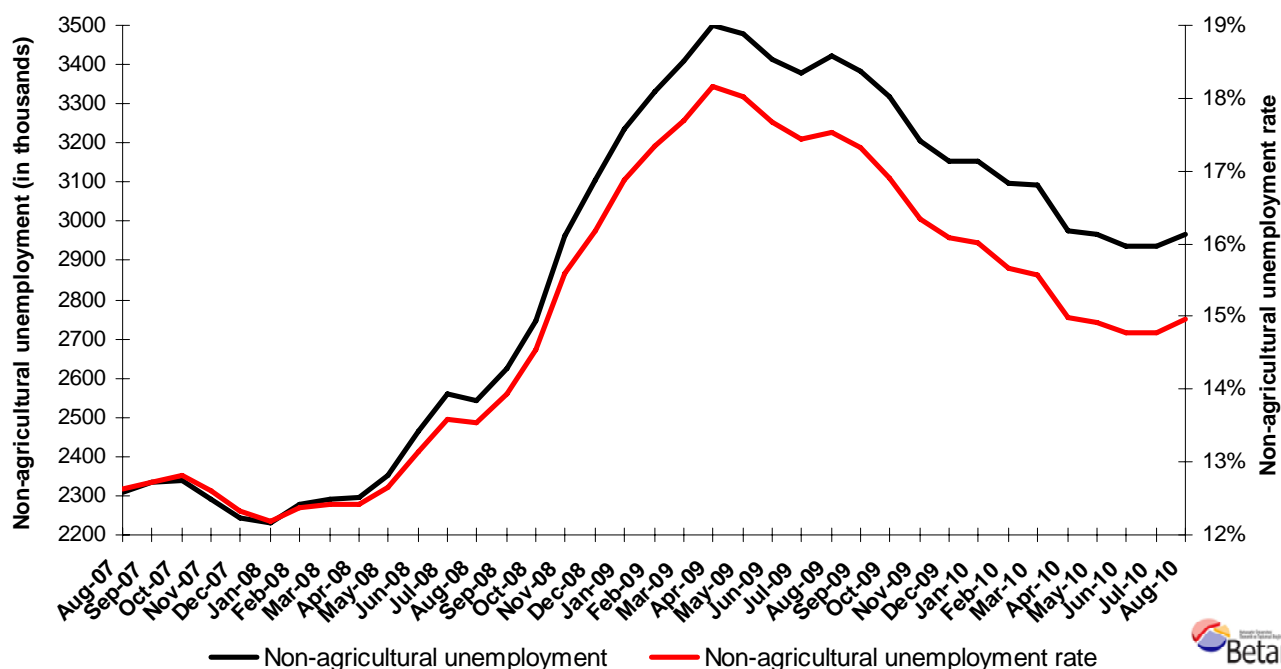
**Figure 2 Seasonally adjusted non-agricultural labor force and employment (August 2007-August 2010)**



Source: TurkStat, **Betam**

The non-agricultural employment, which began to increase following the economic revival in May 2009, continued its upward trend but at a slower pace up to July 2010. We estimate a decrease of 26 thousand for July 2010 and 60 thousand for August 2010 (Table 1). Employment losses for two periods in a row may indicate a slow down of the economic growth. Therefore change in non-agricultural employment rate should be observed carefully in the following months.

**Figure 3 Seasonally adjusted non-agricultural unemployment (August 2007- August 2010)**



Source: TurkStat, **Betam**

**Table 1 Seasonally Adjusted Labor Market Statistics**

	<b>Non-Agricultural Labor Force</b>	<b>Non-Agricultural Employment</b>	<b>Non-Agricultural Unemployment</b>	<b>Non-Agricultural Unemployment Rate</b>	<b>Difference in Non-Agricultural Labor Force (M-o-M)</b>	<b>Difference in Non-Agricultural Employment (M-o-M)</b>	<b>Difference in Non-Agricultural Unemployment (M-o-M)</b>
	<b>(in thousands)</b>	<b>(in thousands)</b>	<b>(in thousands)</b>	<b>(in percent)</b>	<b>(in thousands)</b>	<b>(in thousands)</b>	<b>(in thousands)</b>
<b>August-08</b>	18784	16241	2543	13.5%	-71	-54	-18
<b>September-08</b>	18815	16191	2624	13.9%	30	-50	81
<b>October-08</b>	18878	16133	2745	14.5%	63	-59	121
<b>November-08</b>	19006	16044	2963	15.6%	129	-89	218
<b>December-08</b>	19194	16089	3105	16.2%	188	45	143
<b>January-09</b>	19172	15938	3234	16.9%	-22	-151	129
<b>February-09</b>	19206	15875	3331	17.3%	34	-63	97
<b>March-09</b>	19267	15856	3411	17.7%	61	-19	80
<b>April-09</b>	19284	15784	3500	18.2%	17	-72	89
<b>May-09</b>	19293	15815	3478	18.0%	9	31	-22
<b>June-09</b>	19302	15890	3412	17.7%	10	76	-66
<b>July-09</b>	19377	16000	3377	17.4%	75	109	-35
<b>August-09</b>	19517	16096	3421	17.5%	140	96	44
<b>September-09</b>	19545	16161	3384	17.3%	28	65	-37
<b>October-09</b>	19632	16315	3317	16.9%	87	154	-67
<b>November-09</b>	19599	16394	3204	16.4%	-33	79	-113
<b>December-09</b>	19610	16458	3153	16.1%	11	63	-52
<b>January-10</b>	19686	16531	3154	16.0%	75	73	2
<b>February-10</b>	19779	16682	3097	15.7%	93	151	-57
<b>March-10</b>	19871	16778	3092	15.6%	92	97	-5
<b>April-10</b>	19853	16878	2975	15.0%	-17	99	-117
<b>May-10</b>	19909	16941	2968	14.9%	56	63	-8
<b>June-10</b>	19884	16948	2936	14.8%	-25	7	-32
<b>July-10</b>	19858	16922	2936	14.8%	-26	-26	0
<b>August-10</b>	19831	16862	2969	15.0%	-27	-60	33

Source: TurkStat, **Betam**